

Preliminary Review of Proposed Tax Increment Project

Applicant: City of Rapid City

Proposed Project Title: TID #64 – Revision #1 Cost Reallocation (Cabelas)

Purpose of Tax Increment District: The creation and Project Plan for Tax Increment District #64 were approved in August 2007 to assist the City in creating economic development incentives to attract Cabela's. The tax increment funds were utilized for real property assembly costs and the construction of the Elk Vale sanitary sewer lift station located at Elk Vale Road and Seger Drive. The Project Plan was funded by the Opportunity Capture Fund and the .16 Utility Fund.

Revision #1

The proposed change reallocates the project costs by increasing the lift station improvement costs by \$2,468,677.19, by reducing the Real Property Assembly costs to \$4,910,563.45, adding \$269,479.74 in Professional Service Costs associated with the sanitary sewer design, adding \$343,266.73 in Professional Service Costs associated with construction administration for the lift station, decreasing the Financing Interest by \$669,253.57, adding \$49,266.46 in Contingency Costs, decreasing the Necessary and Convenient Costs by \$20,000, and adding \$20,000 to the Imputed Administrative Costs.

The additional \$20,000 Imputed Administrative Fee to be paid to the City has been added in accordance with the Tax Increment Financing Guidelines and will be paid to the City from the Necessary and Convenient Cost line item.

The anticipated commercial development in the area has been generating approximately \$1.56 million in yearly revenues. Several properties included within the District are zoned General Commercial District, and classifies the District as an economic development Tax Increment District.

Boundary: The District boundary includes property generally lying north of U.S. Interstate 90, south of Seger Drive, east of Dyess Avenue and west of North Elk Vale Road.

Base Valuation: \$8,730,800 as determined by the South Dakota Department of Revenue

TID #64 - Cabela's Economic Development

TID Project Costs	Approved Costs	Revision #1 Proposed Changes 10/31/16	Amended Cost Total
Capital Costs			
Sanitary Sewer Lift Station Improvements	\$2,500,000.00	\$2,468,677.19	\$4,968,677.19
Real Property Assembly Cost	\$7,372,000.00	(\$2,461,436.55)	\$4,910,563.45
Professional Service Costs			
Sanitary Sewer Design	\$0.00	\$269,479.74	\$269,479.74

Construction Administration	\$0.00	\$343,266.73	\$343,266.73
Financing Costs			
Financing Interest	\$9,890,841.52	(\$669,253.57)	\$9,221,587.95
Contingency Costs	\$0.00	\$49,266.46	\$49,266.46
Relocation Costs	\$0.00	\$0.00	\$0.00
Organizational Costs	\$0.00	\$0.00	\$0.00
Necessary and Convenient Costs	\$2,128,000.00	(\$20,000.00)	\$2,108,000.00
Imputed Administrative Costs*			
City of Rapid City	\$2,050.00	\$20,000.00	\$22,050.00
Total	\$21,890,841.52	\$0.00	\$21,890,841.52

*An additional imputed administrative fee has been added in accordance with the Tax Increment Financing Guidelines. The additional Imputed Administrative Fee of \$20,000 will be paid to the City from the Necessary and Convenient Cost line item.

Identified Funding Sources: Financed by City of Rapid City

Anticipated Payoff: December, 2026

Comments: The 2007 interest rate anticipated for the Project Plan was 6%. The City's actual rate for this project is 3%. The estimated interest amount required to pay off the District is \$1,683,105.29, a \$8,207,736.23 savings to the taxpayers.